



## **MISSION STATEMENT**

To be the global manufacturer and supplier of the highest quality products and services at a reasonable price to satisfy customers worldwide.

## **VISION**

We are dedicated to deliver superior stakeholder value with passion and entrepreneurial spirit

## **VALUE**

Integrity - Never compromised



Board of Directors	SHRI G.S.KANDOI, Chairman cum Managing Director SHRI MANISH SINGHAL, Executive Director SHRI AMAR CHAND GUPTA SHRI RAMESHWAR PAREEK SHRI NITIN JAIPURIA
Bankers	<ul style="list-style-type: none"><li>• BANK OF BARODA, V. K. I. AREA, JAIPUR.</li><li>• IDBI BANK, TONK ROAD, JAIPUR</li></ul>
Auditors	M/S. KALANI AND CO. Chartered Accountants 202, Mangal Marg, Bapu Nagar, JAIPUR-302001
Corporate Advisor	MR. SANJAY KUMAR JAIN Company Secretary in Practice, 504-A, Fifth Floor, Pink Tower, Behind Sahara Chambers, Opp. Nehru Garden, Tonk Road, JAIPUR-302015.
Company Secretary	SHRI VIMAL TANK
Depository, Registrar & Share Transfer Agent	M/S. NICHE TECHNOLOGIES PVT. LTD. D-511, Bagree Market, 71, B. R. B. Basu Road, KOLKATA 700001
Listing	BOMBAY STOCK EXCHANGE LTD., MUMBAI
Depository Participant	<ul style="list-style-type: none"><li>• NATIONAL SECURITIES DEPOSITORY LTD.</li><li>• CENTRAL DEPOSITORY SERVICES (INDIA) LTD.</li></ul>
Works	<ul style="list-style-type: none"><li>• PLOT NO.SP-4/3, RIICO INDUSTRIAL AREA, Village &amp; Post : Keswana, Teh. Kotputli, Dist : Jaipur -303108</li><li>• C-171, Road No. 9J, Vishwakarma Industrial Area, JAIPUR-302013</li></ul>

**Registered Office & Works: C-171, Road No. 9J, Vishwakarma Industrial Area, JAIPUR-302 013**  
**Tel. No: 0141-2331231, Fax: 0141-2332845**

### LETTER FROM THE CHAIRMAN

Dear Shareholder,

I am happy to present your Company's 30th Annual Report. The year was full of activities and major decisions were taken in view of current global recession and economic scenario. The Net Profit after tax decreased from Rs. 193.81 lacs to Rs. 98.53 lacs. The decrease in the income mainly due to derivative loss and loss of health care division, although the turnover also increased to 6189.79 lacs in comparison to previous year 5507.09 i.e. 12.40% growth.

I would like to share with you some of key developments during the year.

The company reviewed the current market condition and found the its woven sacks and health care division are not as much profitable as compared to Textile Division and Agency Division. Therefore the Company decided to shift its focus to Textile Division. Company started expansion of Textile Division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs. 2750.00 lacs for the project and I am proud to inform you that construction is going on full swing. The expansion of I phase had been completed and commercial production started from the new plant and machinery and II phase expansion will be completed in the second quarter of this year.

Textile Division : During the year under review, it has achieved income from operation of Rs. 5363.27 lacs including export sales of Rs. 2985.11 lacs as against Rs. 4517.79 lacs including export of 2089.90 in previous year, growth of 18.71%.

Agency Division : It earned commission of Rs. 39.77 lacs as compared to last year Rs. 34.59 lacs. The div. earned a profit of Rs. 53.38 lacs as compared to previous year Rs. 68.59 lacs. The company receiving good response from customers in this sector and the company received a cash prize of Rs. 88170/- and trophy from Gail for its achievement.

Woven Sacks Division : During the year under review, it has achieved turnover of Rs. 829.28 lacs in comparison to previous year Rs. 1004.26 Lacs. i.e. decreased 17.42%. The division is not much profitable as compared to textile division. Company has sold out major plant and machinery.

Health Care Division : The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 22.45 lacs only in comparison to previous year Rs. 45.05 lacs i.e. decreased of 50.17% due to decrease in the income of health care division by equivalent to 50% overall profit of the company also declined. Company has closed down its operation since Nov. 09 and looking to dispose off its equipments.

We have steadily built our core area expertise, acquired new skills, and strengthened our management and leadership skills. The Strategic investment and decision have accelerated our future growth, prospects and strongly positioned us for a big chance.

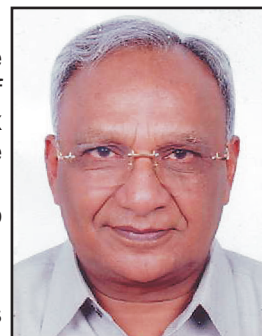
Looking to overall financial position of your company it has earned cash profit of Rs. 554.82 lacs. The new initiatives have provided us a new vision and a clear direction, I am confident that KG's strong foundation will continue to give us competitive edge in coming year and to achieve our mission.

In conclusion I would thank you for patronising your confidence in the success of your Company. I also want to place on record extra ordinary contribution of team KG, I reinforce our commitment to deliver long term and sustainable value to our shareholders.

With warm regards

**G.S. KANDOI**

Chairman





### **NOTICE**

Notice is hereby given that the 30th Annual General Meeting of **KG PETROCHEM LIMITED** will be held on Monday, the 30th day of August, 2010 at 11.00 A.M at registered office of the Company to transact the following business:

### **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2010 and Profit & Loss Account for the year ended on that date, together with the report of the Directors and Auditors thereon.
2. To appoint a director in place of Mr. Rameshwar Pareek who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint Auditors to hold office from the conclusion of this Annual General Meeting till the conclusion of the Next Annual General Meeting and to fix their remuneration :-

"RESOLVED that the M/S. KALANI & Co. Chartered Accountants, Jaipur from whom certificate pursuant to section 224(I-B) of the companies Act, 1956 has been received be and are hereby appointed as Auditors of the Company to hold office until the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Audit Committee/Board of Directors of the company.

### **SPECIAL BUSINESS:**

4. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
Resolved that in partial modification of the resolution passed at the Board of Director Meeting held on 30.07.09 which was subsequently ratified by the share holders in Annual General Meeting held on 23.09.09 and in accordance with the provision of section 198, 309, 310, and other applicable provisions, if any of the Companies Act, 1956, read with schedule XIII of the Companies Act, 1956 (including any statutory reenactment thereof ) and subject to such other approvals as may be necessary, for the time being in force, as amended from time to time the consent be and is here by accorded to the payment of the enhanced remuneration to Shri G.S Kandoi Chairman Cum Managing Director, of the company of Rs. 1,00,000 Per Month with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee
5. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:  
"Resolved that in partial modification of the resolution passed at the Board of Director Meeting held on 30.07.09 which was subsequently ratified by the share holders in Annual General Meeting held on 23.09.09 and in accordance with the provision of section 198, 309, 310, and other applicable provisions, if any of the Companies Act, 1956, read with schedule XIII of the Companies Act, 1956 (including any statutory reenactment thereof ) and subject to such other approvals as may be necessary, for the time being in force, the consent be and is here by accorded to the payment of the enhanced remuneration to Shri Manish Singhal ,Executive Director of the company of Rs. 1,00,000 Per Month with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee
6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Special Resolution  
  
"Resolved that pursuant to section 314 (1),314 (1B) and other applicable provisions, if any of the Companies Act, 1956, (including any statutory reenactment thereof ) and subject to such other approvals as may be necessary, for the time being in force, and subject to approval of Central Government if required, the consent be and is here by accorded to the payment of the enhanced remuneration of 35000 per Month, to Smt. Preety Singhal, (Relatives of Shri Manish Singhal ,Director and Shri G.S. Kandoi Chairman cum Managing Director) Executive of Bhavik Terryfab a unit of the company with effect from 01.04.2010 and other terms and condition as approved in the meeting of Remuneration committee."

For & on behalf of the Board

Place:JAIPUR  
Date : 29<sup>th</sup> MAY 2010

(Vimal Tank)  
Company Secretary



**NOTES:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself / herself. A proxy need not be a member of the company. The Instrument appointing a Proxy in order to be effective should however be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting.
2. The Register of member and Share Transfer Book of the company will remain closed from 26th August 2010 to 30th August, 2010 (both days inclusive).
3. Members are requested to notify change of address, if any, to the company.
4. Members are requested to put their signature at the space provided on the attendance slip annexed to the proxy form and handover the slip at the entrance of the place of the meeting.
5. As a measure of economy, copies of Annual Report will not be distributed at the Annual General Meeting. Members are therefore requested to bring their copies of Annual Report to the meeting.
6. Shareholders desiring any information as regards the accounts are requested to write to the Company at an early date so as to enable the management to keep the information ready at the meeting.
7. As per the provisions of the Companies Act, 1956 facility for making nomination is now available to the shareholders in respect of the shares held by them. Nomination form can be obtained from the registrar & Share Transfer Agent of the company.

For & on behalf of the Board

Place: **JAIPUR**  
Date : **29<sup>th</sup> MAY 2010**

**(Vimal Tank)**  
**Company Secretary**



**EXPLANATORY STATEMENT (PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956)**

**Item No.4 :**

As Mr G.S Kandoi Chairman Cum Managing Director of the company is providing their valuable service for the company. He is an Mechanical Engineer from Bits Pilani having vast experience in the field of finance and Export and he is involved in the company since 15 years experience in ceramic industry and provided their admirable service to the company .the Remuneration Committee had decided to increase the remuneration of Shri G,S Kandoi upto Rupees One lac per month. The proposed remuneration is within the limit of schedule XIII of Companies Act, 1956, and other terms and condition as approved by the remuneration committee.

**The explanatory statement together with the notice should be treated as an abstract of the terms of variation of remuneration and memorandum of concern or interest under section 302 of the companies act, 1956**

Your directors recommend the resolution for your approval.

No other director except Shri Manish Singhal, being son of Mr.G.S.Kandoi is interested in the resolution.

**Item No.5:**

As Mr Manish Singhal Executive Director of the company is providing their valuable service for the company. He is an Engineers from IIT Delhi having vast experience in the field of Management and Marketing provided their admirable service to the company the Remuneration Committee had decided to increase the remuneration of Shri Manish Singhal Upto Rupees One lacs per month. The proposed remuneration is within the limit of schedule XIII of Companies Act, 1956 and other terms and condition as approved by the remuneration committee.

Your directors recommend the resolution for your approval.

No other director except Shri G.S Kandoi, being father of Mr.Manish Singhal is interested in the resolution.

**Item No.6:**

**The Special resolution relates to** payment of the enhanced remuneration of Rs. 35,000 Per Month, to Smt. Preeti Singhal, (Relatives of Shri Manish Singhal ,Director and Shri G,S Kandoi Chairman cum Managing Director) Executive of Bhavik Terryfab a unit of the company with effect from 01.04.2010.

Your directors recommend the resolution for your approval

In view of the facts stated above and also as stated in the resolution, the special resolution is being placed for your approval. None of the Director except Shri G.S Kandoi and Mr.Manish Singhal are concerned of interested in the said resolution

For & on behalf of the Board

Place: **JAIPUR**  
Date : **29<sup>th</sup> MAY 2010**

**(Vimal Tank)**  
**Company Secretary**



**AN ANNEXURE TO THE NOTICE OF ANNUAL GENERAL MEETING**  
**BRIEF PROFILE OF DIRECTORS AS PER CLAUSE 49 OF LISTING AGREEMENT**

Particulars	Shri G. S. Kandoi	Shri Manish Singhal	Shri Nitin Jaipuria	Shri Rameshwar Pareek	Shri Amar Chand Gupta
Date of Birth & Age	07.11.1943 (67 Years)	10.08.1972 (38 Years)	12.02.1973 (37 Years)	01.11.1944 (66 Years)	26.08.1944 (66 Years)
Date of Appointed on the Board	05.09.2003	01.06.2000	13.07.2009	29.05..2008	26.06.2006
Qualification	B.E.(Mech.) from BITS PILANI	M.S.(CHEMICAL) from University of Florida USA & B.TECH From IIT, DELHI	B.COM.	B.COM.	B.E. (ELECTRICALS) From BITS PILANI
Expertise in Specific functional areas	Management & Finance	Management & Marketing	TEXTILE Wholesale Business	Management & Marketing	Production
Directorship held in other companies as on 31st March, 2010	NIL	NIL	NIL	1. Mayur Uniquoter Ltd. 2. Kailash Vidyut & Ispat Ltd. 3. Genus Paper Product Ltd. 4. Genus Power Infrastructures Ltd. 5. Genus Electrotech Ltd. 6. Virtuous Infra Ltd. 7. Genus Prime Infra Ltd.	NIL
Memberships / Chairmanships of committees in other public companies	NIL	NIL	NIL	1. Chairmen of Remuneration Committee & Member of Audit Committee of Mayur Uniquoter Ltd. 2. Chairmen of Audit Committee & Member of Remuneration & Invertor Grievance Committee of Genus Power Infrastructures Ltd.	NIL
No. of Shares Held	904250	1129000	NIL	NIL	NIL



## DIRECTORS' REPORT

Dear Shareholders,

The Directors take great pleasure in presenting their 30th Annual Report on the business and operations of the Company and the audited financial statements for the year ended March 31, 2010

The facts and figures presented before you reflect more than just your Company's financial performance. You will also find results of your company, management's effort to take your company from strength to strength even in this highly competitive and volatile market, producing better returns in turn.

### **FINANCIAL RESULTS**

	<u>2009-2010</u>	(Rs. in Lacs) <u>2008-2009</u>
Sales/income from operation	6189.79	5507.09
Other Income	70.66	62.20
Total Expenditure (Including variation in stock)	5447.20	4535.33
Profit before Interest, Depreciation & Tax	813.25	1033.96
Financial Expenses	133.16	157.43
Extraordinary Item	126.00	0.00
Profit/(Loss ) before depreciation & Tax	554.09	876.53
Depreciation	439.52	415.37
Provision for Taxation	16.04	267.35
<b>Profit/(Loss) after Tax</b>	<b>98.53</b>	<b>193.81</b>
Profit & Loss brought forward	898.77	704.97
Balance Carried to Balance Sheet	997.30	898.78

### **RESULT OF OPERATIONS**

During the year the company was able to improve its performance in terms of sales, specially in Textile Division & Agency Division. The overall total income from operation had increased from Rs.5507.09 lacs to Rs.6189.79 lacs, a growth of 12.40% over the previous financial year. The Net Profit after tax decreased from Rs 193.81 lacs to Rs.98.53 lac The decrease in the income mainly due to derivative loss and loss of health care division.

Further Segment wise result of operation is as under:-

**Woven Sacks Division:-** During the year under review, it has achieved turnover of Rs. 829.28 lacs in comparison to previous year Rs.1004.26 Lacs i.e. decreased 17.42%

**Agency Division:-** It earned commission of Rs. 39.77 lacs as compared to last year Rs. 34.59 lacs. The div. earned a profit of Rs.53.38 lacs as compared to previous year Rs.68.59 lacs.

**Health Care Division:-** The division has not achieved good performance during the year under review. It has achieved Income from operations of Rs. 22.45 lacs only in comparison to previous year Rs. 45.05 lacs i.e. decreased of 50.17%

**Textile Division:-** During the year under review, it has achieved income from operation of Rs. 5363.27 lacs including export sales of Rs. 2985.11 lacs as against Rs.4517.79 lacs including export of 2089.90 in previous year, growth of 18.71%.

The Company has diversified its business into four largely independent Division i.e Agency, Healthcare, Textile and Woven Sacks Division. While Health care Division phased out Completely and woven sacks is under process to phase out and Company full concentration is shifted towards textile division and agency division with





a view to improve and strengthen its productivity and quality.

#### **NET WORTH**

Your company continued to perform creditability in 2009-2010, as well. The year saw your Company's Net worth growing from Rs. 1582.82 lacs in the previous year to Rs. 1682.07 Lacs as on 31st March, 2010.

#### **MANUFACTURING AND QUALITY INITIATIVES**

The Company follows the best practices for process/quality excellence. The Company also follows process/quality improvement methodologies.

In textile division your company could process 2452.97 MT yarn during 2009-10 in comparison to 1971.848 MT yarn during 2008-09. The management is confident to maintain its present performance in future.

In woven sacks division your company could process 663.30 MT polymers during 2009-10 in comparison to 1180.075 MT polymers during 2008-09, as the main plant and machinery has been disposed off.

#### **LABOUR RELATION**

During the year under review, the labour relations remained satisfactory. The relations with the labours are cordial and all the workers, during the year under review, achieved good quality production.

#### **EXPORT**

The company is making efforts to export its terry towel products. This product is highly sophisticated and will enhance company's creditability in the international market. During the year under review the company made an export of its product worth Rs. 2985.106 Lacs against Rs 2089.90 lacs in the year 2008-09.

#### **DIVIDEND**

Your Directors are unable to recommend any dividend during the year under review to conserve funds for expansion/diversification in new business

#### **PROJECTS AND EXPANSIONS**

Your Director are happy to report that during the year, steady progress has been made in all the ongoing expansion. In the current financial year 2010-11 would witness completion of second phase of Terry towel Division. The long term out look for terry towel is encouraging. The Company continued its emphasis on technology up gradation, modernization and product & market development. Its quality is well established and accepted in the international market. The Company started the production of embroidery terry towel which are fetching higher price realization.

As discussed in the previous annual general meeting, with the utmost zeal, the management of your company had started expansion of textile division from 3000 MTPA capacity to 6000 MTPA capacity. IDBI has sanctioned term loan of Rs. 2750 lacs for the project. The expansion of 1st phase almost completed and second phase expansion will be completed in the second quarter of year., and The Commercial production from the 1st phase started in the month of march 2010

The company's increased production capacity by upgraded technology and plant and machinery and product diversification upcoming with a new product shall result in improving the bottom line and company will perform better during current financial year.

#### **DIRECTORS**

In terms of the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Mr. Rameshwar Pareek retire by rotation at the ensuing AGM and is eligible for re-appointment and being eligible offer himself for reappointment. In the Annual General Meeting held on 23.09.09 Mr. Nitin Jaipuria was confirmed as Director of the Company,

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of section 217 (2AA) of the Companies Act, 1956, your Directors confirm as under:-



1. That in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.
2. That the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year as at 31st March, 2010 and of the profit of the Company for the year.
3. That the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
4. That the annual accounts were prepared on a going-concern basis.

#### **CORPORATE GOVERNANCE AND MANAGEMENT DISCUSSION AND ANALYSIS REPORT**

Reports on Corporate Governance and Management Discussion and Analysis as stipulated under Clause 49 of the Listing Agreement are separately given in the Annual Report and forms part of the Director Report.

#### **COMMITTEES OF THE BOARD**

There are following committees of the Board of Directors of the Company:-

Audit Committee

Remuneration Committee

Investor Grievance Committee

Share Transfer Committee

Finance Committee

The detailed report on the Committees, its constitution, its role/functions etc. forms part of the corporate governance report.

#### **INTERNAL CONTROL SYSTEM**

Your company maintains adequate internal control systems, which provide among other things, reasonable assurance of recording its operation in all material respect and regards against any misuse or loss of the company's assets. The Company has an internal audit team with professionally qualified financial personnel which conduct periodic audits of all businesses to maintain a proper system of checks and control.

#### **AUDITORS**

The Company's Auditors, M/s. Kalani and Co., Chartered Accountants, who retire at the ensuing AGM, and being eligible, offer themselves for re-appointment, to hold office from the conclusion of this meeting until the conclusion of the next annual general Meeting, Certificates from the Auditors has been received to the effect that their reappointment, if made, would be within the limit prescribed under section 224(1B) of the companies act, 1956.

#### **AUDITORS' REPORT**

The auditor report is self explanatory and their observation have been Substantial dealt with the notes to the accounts and do not require any further clarification

#### **PARTICULARS OF EMPLOYEES**

There were no employees whose remuneration was in excess of the limits prescribed under section 217 (2A) of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975.

#### **PUBLIC DEPOSITS**

Company deposit accepted by the company are after complying with the provision of section 58A and 58AA of companies Act, 1956 and rules frame there under.